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PP RUEHBC RUEHKUK RUEHROV

DE RUEHEG #0025/01 0061401

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FM AMEMBASSY CAIRO

TO RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUEHC/SECSTATE WASHDC PRIORITY 1297

RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY

INFO RUEHEE/ARAB LEAGUE COLLECTIVE

UNCLAS SECTION 01 OF 02 CAIRO 000025

SENSITIVE

SIPDIS

NEA/ELA FOR SCHALL

ISN FOR BURKART AND HUMPHREY

DOE/NNSA FOR ROBINSON AND ERICKSON

DOC FOR LOPP

E.O. 12958: N/A

TAGS: [ENRG](#) [KNNP](#) [ECON](#) [ETRD](#) [EAID](#) [EG](#)

SUBJECT: BECHTEL WINS NUCLEAR TENDER; ELECTRICITY MINISTER CALLS FOR CLOSER COOPERATION ON CIVILIAN NUCLEAR ENERGY

REF: A. 08 CAIRO574

[1](#)B. 08 CAIRO1307

[1](#)C. 08 CAIRO1359

[1](#)D. 08 DOHA827

[1](#)E. 08 STATE127423

SENSITIVE BUT UNCLASSIFIED.

[1](#)1. (SBU) SUMMARY: Ambassador met with Minister of Electricity and Energy Dr. Hassan Younes and the Chairman of the Nuclear Power Plants Authority (NPPA) Dr. Yassin Ibrahim on December 31 to discuss Egypt's plans to develop a civilian nuclear energy program. GOE awarded a \$188 million consulting services contract to Bechtel on December 23, to assist them with the technology and design survey for Egypt's first nuclear power plant. Ibrahim asked for U.S. assistance to finance part of the Bechtel contact. He noted that the draft Nuclear Research and Energy law will be submitted to the People's Assembly for review by late January. Minister Younes said that the GOE will shortly submit a proposal to the embassy requesting technical assistance on a range of civilian nuclear energy and research issues, particularly in the area of education and training. END SUMMARY.

[1](#)2. (SBU) Minister of Electricity and Energy Dr. Hassan Younes and Dr. Yassin Ibrahim, Chairman of the Nuclear Power Plants Authority (NPPA), updated the Ambassador on December 31 on Egypt's plans to pursue a civilian nuclear energy program. The minister confirmed that Bechtel, a U.S. engineering and energy services company, won the GOE's tender to provide consulting services to the Ministry and NPPA for Egypt's civilian nuclear energy program, estimated to be worth \$188 million. The Ambassador thanked Minister Younes and Ibrahim for the GOE's support for U.S. companies and reiterated the U.S.'s commitment to working with Egypt in support of safe and secure civilian nuclear research and energy, including emergency management (refs A, B, & C). The Ministry made the tender result public on December 23, with limited press and public reaction. According to Younes, the GOE is also finalizing its renewable energy policy in the coming weeks, which he believes will provide incentive for foreign investment and private sector growth in the generation of energy.

[1](#)3. (SBU) Dr. Ibrahim said that he intends to sign the final consulting services contract with Bechtel in early February. The NPPA has designed a 3-stage process for the development of the nuclear energy program. In Phase I, Bechtel and the NPPA will focus on site selection, a design survey, a technology survey, decision on a long-term fuel supplier, and an environmental impact review. (NOTE: Ibrahim noted that Al-Dahba, 160 kilometers from Alexandria, is the GOE's

preferred location for the first nuclear power plant. END NOTE) The NPPA intends to announce the construction tender for the power plant in Phase II, expected to commence in 2010. Construction of the plant will be relegated to the final phase, from 2012-2019. Ibrahim specified that the NPPA's role will be to build and operate the nuclear power plant. Eventually, the NPPA will privatize the distribution of electricity generated from the nuclear plant.

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NEXT STEPS: PARLIAMENTARY REVIEW OF NUCLEAR LAW  
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14. (SBU) Ibrahim told the Ambassador that the draft Nuclear Research and Energy Law will be submitted to the People's Assembly for review later this month. The main element of the law involves the establishment of an independent nuclear regulatory body, under the auspices of the office of the Prime Minister, as well as the reorganization of GOE bureaucratic responsibilities for civilian nuclear research and safety issues.

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REQUESTING U.S. ASSISTANCE TO FURTHER DEVELOP CIVILIAN NUCLEAR RESEARCH PROGRAM  
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15. (SBU) Following up on earlier discussions with Ambassador Jackie Wolcott, Special Envoy for Nuclear Nonproliferation (refs B & D), Minister Younes told the Ambassador the GOE is eager to expand its technical cooperation with the U.S. He noted that the Ministry will shortly send the embassy a

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detailed proposal for technical cooperation. (NOTE: We expect that the Ministry will hold this proposal until the People's Assembly reviews and approves the draft nuclear law. END NOTE.) Younes said that the GOE will seek assistance with establishing its new regulatory agency, and training staff for this agency. Ibrahim said that the GOE needs technical assistance in safety and security standards as well as developing its human resources across the civilian nuclear field.

16. (SBU) Ibrahim asked the Ambassador for financial assistance from the U.S. to finance part of the Bechtel contract. The Ambassador explained funding constraints for this type of project, and recommended that NPPA work with Minister of International Cooperation (MIC) Fayza Aboul Naga to receive support from the local currency account jointly managed and programmed by MIC and USAID. The Ambassador also suggested the GOE seek financing from the U.S. Export-Import Bank. (NOTE: Prior to the bid decision, Embassy's Commercial Office discussed financing possibilities with EX-IM, which expressed interest in supporting the U.S. bidders. Bechtel will contact Ex-Im to pursue financing options. END NOTE.)  
SCOBAY